providing an image signal in response to an image of the inner surface of the panel;

acquiring a background image of the panel before touching the panel;

normalizing the image signal in response to the background image;

determining coordinates of the image of a touch on the panel;

identifying a position on the panel which is touched in response to the coordinates; and

providing a signal responsive to the coordinates to the interactive computer system.

8. A method as in claim **7** further comprising the step of digitizing the image signal into two values prior to determining the coordinates of the image of the touch on the panel.

9. A method as in claim **7** further comprising the step of tracking objects on the image of the panel.

10. A method for providing graphical input signals from an input device for an interactive computer system using an opaque enclosure with a semi-transparent light-diffusing panel and an imaging device disposed relative to the panel, the method including the steps of:

touching an outside surface of the panel;

imaging an inner surface of the panel with the imaging device;

providing an image signal in response to the image of the panel;

acquiring a background image of the panel before touching the panel;

normalizing the image signal in response to the background image;

determining coordinates of the image of the touch on the panel;

transforming the coordinates into a three dimensional image in response to the coordinates; and

providing a signal responsive to the transformed coordinates.

11. A method as in claim **10** further comprising the step of digitizing the image signal into two values prior to determining the coordinates of the image of the touch on the panel.

12. A method as in claim **10** wherein the steps of providing an image signal, and determining coordinates, and transforming the coordinates are continuously repeated, and further comprising the step of tracking objects on the image of the panel.

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